

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of	)	
	)	
Lifeline and Link Up Reform and	)	WC Docket No. 11-42
Modernization	)	
	)	
Federal-State Joint Board on Universal	)	CC Docket No. 96-45
Service	)	
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

**COMMENTS OF CENTURYLINK**

In its Public Notice, the Commission seeks additional information on certain specific issues in its efforts to reform the low-income universal service programs, Lifeline and Link Up.<sup>1</sup>

In response, CenturyLink recommends that the Commission:

- (1) should consider a limited scale pilot program to provide universal service support to promote broadband adoption among low-income consumers and help inform future Commission Lifeline policy;
- (2) should not restrict Link Up discounts solely to service initiations that involve the physical installation of facilities by providers at a consumer's residence, as doing so will all but eliminate Link Up discounts for wireline telephone services, undermining affordability of those services for low-income consumers; and
- (3) should not adopt a sample-and-census approach for verifying Lifeline eligibility, but instead should modify the current formula for determining verification sample sizes.

**I. PILOT LIFELINE/LINKUP INITIATIVES FOR BROADBAND**

With respect to designing and implementing a Lifeline/Link Up broadband pilot program, CenturyLink continues to support appropriately-sized Commission efforts. A pilot program of

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<sup>1</sup> Public Notice, Further Inquiry Into Four Issues in the Universal Service Lifeline/Link Up Reform and Modernization Proceeding, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, DA 11-1346, rel. Aug. 5, 2011 (Public Notice).

limited size and careful design could help gauge whether and how support programs may be beneficial to jump-start adoption. As the Commission knows, CenturyLink is developing and implementing a broadband adoption program for eligible low-income consumers, designed to encourage more low-income households to realize the benefits of broadband.<sup>2</sup> In addition to any Commission pilot programs, CenturyLink's adoption initiative and other, similar programs by other providers (notably among them, Comcast) may help inform the design of any longer-term universal service program to support broadband adoption for low-income customers.

The Commission should be cautious about expanding the existing ongoing Lifeline/Link Up subsidy program to broadband on a large scale. Given the limited resources available, it would be prudent to learn from a limited-scale Commission pilot program and from experiences of the adoption initiatives now in development or underway. The Commission's first priority should be to ensure that broadband infrastructure is extended or upgraded in high-cost areas where such investment is uneconomic, so that service is available to all Americans. Accordingly, funding for universal service and the new Connect America Fund should not be compromised by a reflexive expansion of the Lifeline/Link Up program to broadband. Comprehensive reform of universal service and intercarrier compensation, as outlined in the ABC Plan,<sup>3</sup> requires a commitment to Connect America Funding if it is to succeed.

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<sup>2</sup> See *In the Matter of Applications filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink for Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4218, Appendix C (2011).

<sup>3</sup> See Letter from Robert W. Quinn, Jr., AT&T, Steve Davis, CenturyLink, Michael T. Skrivan, FairPoint, Kathleen Q. Abernathy, Frontier, Kathleen Grillo, Verizon, and Michael D. Rhoda, Windstream, to Marlene H. Dortch, FCC, WC Docket No. 10-90, *et al.*, filed July 29, 2011 (ABC Plan).

## II. LINK UP DISCOUNTS

With respect to the Link Up program, the Commission seeks comment on Sprint's proposal that Link Up support be limited or eliminated in light of the fact that costs associated with initiating telephone service have decreased.<sup>4</sup> Wireless providers like Sprint may have minimal costs when initiating a wireless Lifeline customer. That is not true, however, for wireline providers. Eliminating Link Up support may serve to discourage many low-income households from purchasing wireline telephone service and place wireline providers at an artificial competitive disadvantage under today's Lifeline/Link Up program.

The Commission also has specifically asked for further comment on whether it "should provide reimbursement for Link Up only for service initiations that involve the physical installation of facilities by the provider at the consumer's residence."<sup>5</sup> Such a policy would be a mistake. If the Commission were to adopt such an approach, it is likely that most Lifeline-eligible customers of wireline providers would be denied any Link Up support. For example, CenturyLink currently applies the Link Up discount to its tariffed non-recurring charges for initiating basic telephone service. In all but a few of the states in which CenturyLink offers Lifeline service, those service connection charges do not encompass physical installation of facilities by CenturyLink at the consumer's residence. For most customers, initiating service does not require installation at the residence. Further, if it does, it is a separate charge (other than in those few states that require such installation to be included in the service connection charge). CenturyLink is fairly typical in the telephone industry. Consequently, limiting Link Up discounts to charges for physical installation of service at a consumer's residence would virtually eliminate Link Up discounts to the Lifeline-eligible customers of wireline service providers like

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<sup>4</sup> Public Notice at 6.

<sup>5</sup> *Id.* at 7.

CenturyLink. In turn, this abrupt policy change would likely render wireline Lifeline service less affordable for low-income consumers. Without the discounts on commencing telephone service that the Link Up program provides, the up-front cost of connection would frustrate efforts to promote telephone service adoption by low-income customers.

The customary non-recurring charges for commencing wireline telephone service recover real, legitimate costs of providing telephone services. They include the costs associated with making the access line available to the customer, provisioning services, and processing the customer's service order and opening the account. For wireline service providers like CenturyLink, these service connection charges apply to all customers, including Lifeline customers. The impact of this charge on a Lifeline customer depends on the amount of the Link Up discount provided (and any discount provided via state programs, which are few). If the Commission were to eliminate this Link Up support, Lifeline customers would necessarily incur sharply higher costs to initiate wireline service. If the Commission were to reduce the maximum amount available for Link Up discounts, many new Lifeline customers still would likely experience higher costs to initiate wireline service, varying depending on the amount of the reduction and the existing Lifeline discount currently available in their particular service areas.

Given these realities, the Commission should not limit Link Up discounts only to service initiations that involve the physical installation of facilities by providers at a consumer's residence. The effect would be to all but eliminate Link Up discounts for low-income customers seeking services from America's wireline providers, including CenturyLink.

### **III. SAMPLING METHODOLOGY FOR VERIFYING ELIGIBILITY**

The Commission also seeks further comment on its two proposals in the *NPRM* for modifying its sampling methodology for the annual verification that ETCs undertake to verify

their customers' Lifeline eligibility.<sup>6</sup> The Commission has proposed a new sample-and-census approach or an alternative approach that modifies the current sampling formula.<sup>7</sup> In the Public Notice, the Commission asks for comment on how it could implement the sample-and-census approach to be less burdensome on carriers with small numbers of Lifeline customers.

The sample-and-census approach would be unduly burdensome not only for carriers with small numbers of Lifeline customers; it would be excessively burdensome for all carriers. In CenturyLink's experience, enough Lifeline customers have been found to be ineligible on previous verification surveys -- mostly due to their failure to respond -- that it is highly likely that a sample-and-census approach will too frequently trigger full census reviews. Carriers with large numbers of Lifeline customers would face the pointless burden of verifying at each census interval the eligibility of every one of their Lifeline customers -- tens of thousands or even hundreds of thousands of customers.

This policy would also create a headache for countless legitimate Lifeline consumers. Again, given the high percentages of customers that are found to be ineligible due to a failure to respond to the verification survey, it is likely that a very large number of customers would be removed for failure to respond to the survey in a full census. And, most likely, a great many of those customers would otherwise be entirely eligible.

That would not be the end of the inefficiencies of this approach, however. Realistically, if many of those eligible but stricken Lifeline customers seek to be reinstated, the sheer volumes of those applications could be a significant administrative burden for service providers -- largely as the result of a needlessly inefficient verification process design.

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<sup>6</sup> *In the Matter of Lifeline/Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, Notice of Proposed Rulemaking, 26 FCC Rcd 2770 (2011) (NPRM).

<sup>7</sup> *Id.* at 2827 ¶ 182.

CenturyLink recognizes the importance of ensuring compliance with program eligibility requirements. In its view, however, instead of adopting a sample-and-census approach, the Commission can accomplish this important goal by modifying the current formula for determining the verification sample sizes.

Respectfully submitted,

**CENTURYLINK**

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August 26, 2011

CERTIFICATE OF SERVICE

I, Richard Grozier, do hereby certify that I have caused the foregoing **COMMENTS OF CENTURYLINK** to be: 1) filed with the FCC via its Electronic Comment Filing System in WC Docket Nos. 11-42, 03-109 and CC Docket No. 96-45; 2) served via e-mail on Jamie Susskind at [Jamie.susskind@fcc.gov](mailto:Jamie.susskind@fcc.gov) and Mr. Charles Tyler at [Charles.tyler@fcc.gov](mailto:Charles.tyler@fcc.gov) of the Telecommunications Access Policy Division, Wireline Competition Bureau; and 3) served via e-mail on the FCC's duplicating contractor, Best Copy and Printing, Inc. at [fcc@bcpweb.com](mailto:fcc@bcpweb.com).

/s/Richard Grozier

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